

***TOWNSHIP OF EDISON
SCHOOL DISTRICT
COUNTY OF MIDDLESEX, NEW JERSEY***

***AUDITORS MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015***

HODULIK & MORRISON, P.A.
*CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
HIGHLAND PARK, N.J.*

EDISON SCHOOL DISTRICT
MIDDLESEX COUNTY, NEW JERSEY

AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE

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INDEPENDENT AUDITORS' REPORT

Honorable President and
Members of the Board of Education
Township of Edison School District
Middlesex County
Edison, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, the basic financial statements of the Board of Education of the Township of Edison School District in the County of Middlesex for the year ended June 30, 2015, and have issued our report thereon dated December 4, 2015.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the Township of Edison Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants



Andrew G. Hodulik
Certified Public Accountant
Public School Accountant #841

December 4, 2015
Highland Park, New Jersey

ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Board of Education, and the records of the various funds under the auspices of the Board of Education.

The audit did not and could not determine the character of services rendered for which payment had been made nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the approval of such claims. Revenues and receipts were established and verified as to sources and amount only insofar as the records permitted.

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's CAFR.

Official Bonds

The following positions were covered by Surety Bonds:

Daniel P. Michaud, Business Administrator/ Board Secretary	\$200,000.00
Michael Hom, Assistant Board Administrator	200,000.00
Faithful Performance Blanket Position Coverage	250,000.00

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. Differences in the actual costs as certified by the Department of Education pursuant to the provisions of N.J.A.C. 6A:23-3.1, from estimated costs billed by the Board during the period were negligible. The Board made adjustments to the billings of sending districts for the adjustment in per pupil costs in accordance with N.J.A.C. 6A:23-3.1(f)3.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

An examination of claims paid during the period under review was performed. No exceptions of substance were noted with respect to the processing of vouchers for those items tested.

Payroll Account

The Board maintained the Net Payroll and Agency Account method for the depositing and payment of its payrolls. The net payrolls from all sources are deposited in the payroll account and all payroll deductions, together with the Board's share, are deposited to the agency account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/School Business Administrator. Salary withholdings were promptly remitted to the proper agencies.

Reserve for Encumbrances and Accounts Payable

A review of outstanding purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-2.2(g) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-2.4. There were no errors noted for the items tested.

Board Secretary's Records

The review of the financial and accounting records maintained by the District disclosed the following:

Fixed Asset Reporting System:

The District's fixed asset reporting system utilizes a spreadsheet format to account for fixed assets activity. While the system meets the requirements for reporting purposes, the District should consider upgrading its system to be incorporated within its financial information processing system.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (CONT'D.)

Workers Compensation Internal Service Fund

As disclosed in the Notes to Financial Statements contained in the Board's CAFR, the Board maintains a self-insurance fund for its compensation claims prior to July 1, 2011. The Board has recorded in full its estimated liability for reported claims at June 30, 2015 in the amount of \$594,715.38 within the estimated liability reserve. The District has converted its Workers' Compensation coverage to a traditional risk transfer premium program beginning July 1, 2011.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act (NCLB) of 2001

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I, IV and VI of the Elementary and Secondary School Improvement Act, as amended and reauthorized.

The study of compliance for E.S.E.A. indicated there are no areas of noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

The examination of the Federal and State funds, on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved. It was noted in one or two circumstances that grant expenditure report provided was not in complete agreement with the District's financial reporting system. We suggest expenditure reports be agreed to the District's financial reporting system before being made available for audit.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects. The schedules indicate amounts due to grantor at June 30, 2015 that is the result of audit review and therefore no recommendation is presented.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted for items tested.

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states"

"a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500.00, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotes. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A: 11-9) the board of education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by general delegation of the power to negotiate and award such contracts pursuant to this section."

"b. Commencing in the fifth year after the year in which P.L. 1999. c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section to the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1, of the year in which it is made."

"Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.18A:18A-5 may be awarded for a period not exceeding 12 consecutive months."

N.J.S.A. 18A:18A-4 states, "Every contract or agreement for the performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law."

Effective July 1, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and N.J.S.A. §18A: 18A-3(a) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,300.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of the examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. §18A:18A-4, amended.

SCHOOL PURCHASING PROGRAMS (Cont'd.)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd.)

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. §18A:18A-5.

The results of the audit indicated that the existing procurement policies and procedures were adequate in most cases to identify contemplated purchases, which required additional procedures (quotes, bids, etc.) to comply with the provisions of the School Contracts Law.

OTHER MATTERS

School Food Service Fund

The financial transactions and statistical records of the school food services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test check basis. The Board has implemented procedures to review discrepancies noted between reported sales and bank deposits.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process, the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed was compared to the number of valid applications on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy is uniformly administered throughout the school system. The required verification policy procedures for free and reduced price applications were completed and available for review.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

The District food service operation is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1.

Food Distribution Program commodities were received and a separate inventory was maintained on a first-in, first-out basis.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G.

OTHER MATTERS (CONT'D.)

Student Activity and Athletic Funds

The recordkeeping of the various student activities funds was reviewed for the 2014-15 school year. Minor exceptions were noted with respect to the purchase of non-student related items within the student activity funds. The Board has adopted a policy that outlines the acceptable procedures for the processing of expenses for the school principals. The Board should continue to monitor the student activities funds for improvement in the quality of recordkeeping.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2014 Applications for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low income and bilingual. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers, with exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed state forms or their equivalent. The District has written procedures for the recording of student enrollment data.

Pupil Transportation

Our procedures included a test of on-roll status reported in the applicable year District Report of Resident Transported Students (DRTRS). The information included on the DRTRS was verified to the DRTRS Eligibility Summary Report with exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services, for items tested.

OTHER MATTERS (CONT'D.)

Grant Administration

During the school year, the District operated programs that were funded in whole or in part by state or federal grant awards. As part of the acceptance of these funds, the District is required to make assurances to the grantor agency that it will comply, in its general operations as well as in the operation of grant funded programs, with various laws and regulations. In addition, the individual grant contracts impose specific compliance requirements for the operations of each program. A finding noted in the previous year with respect to the remittance of unused grant funds to the grantor agency upon the closeout of a grant is an example of compliance requirements. In addition, as with other local entities, due to weaknesses in the grant notification process followed by certain agencies that pass-through federal and state assistance to the District, the District does not always receive accurate and timely information with respect to grant funding sources, along with the relevant CFDA and account number information from its grantor agencies, which can inhibit the preparation of the schedules of financial assistance. Based upon the myriad compliance and reporting requirements for grant awards, the District should continue to develop sound administrative functions over grant programs.

The acceptance of grant funds also places additional requirements upon the District with respect to the District's system of internal controls. Based upon the matrix of requirements applicable to a specific grant, the District's internal controls are required to include systems and policies and procedures designed to ensure compliance with the applicable requirements. We suggest the District review all of the applicable grant requirements in conjunction with the District's system of internal controls in order to ensure the District's internal controls are functioning at the requisite levels to meet with the various compliance requirements.

Internal Control Documentation

In addition to internal control documentation as required by auditing standards, N.J.A.C. 6A:23A-6.5 through 6.13 set forth specific requirements with respect to internal control policies that are required to be in place.

The District has initiated the process of documenting its internal controls. This course of action should continue as a component of the District's internal controls and will also serve the purpose of meeting certain requirements as set forth by Statement on Auditing Standards Nos. 112 and 115. We suggest the District continue this process and also consider utilizing the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for its documentation, which includes the five components of internal controls, as follows: Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. In addition, we suggest the documentation should also include the internal controls that exist over grant compliance. As set forth in SAS 112, dependent upon the complexity of the entity's internal control systems, the lack of documentation can be considered a control or significant deficiency in the entity's internal controls.

Review of Prior Years Findings

In accordance with government auditing standards, our procedures included a review of prior year findings and corrective action has been taken on the prior year findings.

RECOMMENDATIONS:

None

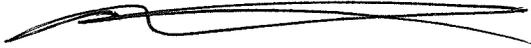
ACKNOWLEDGMENT

During the course of our audit, we received the complete cooperation of all the officials of the school district, and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants



Andrew G. Hodulik
Certified Public Accountant
Public School Accountant #841

SCHEDULE OF MEAL COUNT ACTIVITY

EDISON TOWNSHIP SCHOOL DISTRICT
 FOOD SERVICE FUND
 NUMBER OF MEALS SERVED AND (OVER) / UNDER CLAIM
 ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

July 1, 2014 - June 30, 2015

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>FEDERAL RATE</u>	<u>(OVER) / UNDER CLAIM</u>
National School Lunch (Regular Rate)	Paid	518,525	518,525	518,525	-	0.280	\$ -
	Reduced	87,532	87,532	87,532	-	2.580	-
	Free	290,788	290,788	290,788	-	2.980	-
	Total	896,845	896,845	896,845	-		\$ -
National School Lunch (Performance Based Rate)	Paid	518,525	518,525	518,525	-	0.060	\$ -
	Reduced	87,532	87,532	87,532	-	0.060	-
	Free	290,788	290,788	290,788	-	0.060	-
	Total	896,845	896,845	896,845	-		\$ -
School Breakfast Program (Regular Rate)	Paid	18,322	18,322	18,322	-	0.280	\$ -
	Reduced	30,345	30,345	30,345	-	1.320	-
	Free	84,797	84,797	84,797	-	1.620	-
	Total	133,464	133,464	133,464	-		\$ -
School Breakfast Program (Severe Need Rate)	Paid	17,085	17,085	17,085	-	0.280	\$ -
	Reduced	44,066	44,066	44,066	-	1.630	-
	Free	159,533	159,533	159,533	-	1.930	-
	Total	220,684	220,684	220,684	-		\$ -
After School Snacks	Paid		0	0	-	0.070	\$ -
	Total	0	0	0	-		\$ -
<u>N.J STATE RATE</u>							
<u>N. J. State Reimbursement:</u> (Lunch)	Paid	502,001	502,001	502,001	-	0.040	\$ -
	Reduced	87,446	87,446	87,446	-	0.055	-
	Free	293,632	293,632	293,632	-	0.055	-
	Total	883,079	883,079	883,079	-		\$ -

**EDISON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE FUND**

NET CASH RESOURCE SCHEDULE

**Net cash resources did/did not exceed three months of expenditures
Proprietary Funds - Food Service
FYE 2015**

		Food Service B - 4/5		
<u>Net Cash Resources:</u>				
CAFR	*	Current Assets		
B-4		Cash & Cash Equiv.	1,224,222.59	
B-4		Due from Other Gov'ts	160,922.36	
B-4		Accounts Receivable	-	
B-4		Investments		
CAFR		Current Liabilities		
B-4		Less Accounts Payable		
B-4		Less Accruals		
B-4		Less Due to Other Funds	- 1,057,330.31	
B-4		Less Deferred Revenue	- 111,949.23	
			<hr/>	
		Net Cash Resources	215,865.41	(A)
			<hr/> <hr/>	
<u>Net Adj. Total Operating Expense:</u>				
B-5		Tot. Operating Exp.	4,814,955.40	
B-5		Less Depreciation	- 45,839.87	
			<hr/>	
		Adj. Tot. Oper. Exp.	4,769,115.53	(B)
			<hr/> <hr/>	
<u>Average Monthly Operating Expense:</u>				
		B / 10	<hr/> 476,911.55 <hr/>	(C)
<u>Three times monthly Average:</u>				
		3 X C	<hr/> 1,430,734.66 <hr/>	(D)

TOTAL IN BOX A	\$ 215,865
LESS TOTAL IN BOX D	\$ 1,430,735
NET	<u>\$ (1,214,869)</u>
From above:	
A is greater than D, cash exceeds 3 X average monthly operating expenses.	
D is greater than A, cash does not exceed 3 X average monthly operating expenses.	

* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

SCHEDULE OF AUDITED ENROLLMENTS

**EDISON TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014**

	2015-2016 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected From Workpapers		Verified per Registers On Roll		Errors		Reported on A.S.S.A. Private Schools	Sample for Verifi-cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool	58		58														
Full Day Preschool	1		1														
Half Day Kindergarten	825		825					16		16							
Full Day Kindergarten																	
One	1108		1108					23		23							
Two	1191		1191					24		24							
Three	1174		1174					34		34							
Four	1132		1132					31		31							
Five	1084		1084					18		18							
Six	1118		1118					16		16							
Seven	989		989					33		33							
Eight	993		993					14	1	14	1						
Nine	938		938					21		21							
Ten	924		924					21		21							
Eleven	906		906					10		10							
Twelve	869		869					26		26							
Subtotals	13,310		13,310					287		287							
Special Ed - Elementary	562		562					14		14			15	15	15		
Special Ed - Middle School	333	20	333	20				7		7			18	14	13	1	
Special Ed - High School	432	10	432	10				9		9			46	31	31		
Subtotals	1327	30	1327	30				30		30			79	60	59	1	
Totals	14,637	30	14,637	30				317		317			79	60	59	1	
Percentage Error																	1.67%

SCHEDULE OF AUDITED ENROLLMENTS

**EDISON TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014**

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	Reported on A.S.S.A. As Low Income	Reported on Workpapers As Low Income	Errors	Sample Selected From Workpapers	Verified to Application And Register	Sample Errors	Reported on A.S.S.A. As Bilingual Education	Reported on Workpapers As Bilingual Education	Sample Errors	Sample Selected from Work papers	Verified to Test Score and Register	Sample Errors
Pre K												
Kindergarten	115	115		19	19		18	18		10	10	
One	206	206		20	20		26	26		12	12	
Two	214	214		15	15		13	13		7	7	
Three	225	225		19	19		8	8		3	3	
Four	211	211		23	23		9	9		7	7	
Five	198	198		28	28		4	4		1	1	
Six	212	212		17	17		6	6		3	3	
Seven	226	226		26	26		5	5		1	1	
Eight	218	218		22	22		10	10		5	5	
Nine	203	203		18	18		10	10		6	6	
Ten	251	251		37	37		13	13		9	9	
Eleven	227	227		28	28		11	11		3	3	
Twelve	188	188		13	13		3	3		1	1	
Subtotals	2,694.0	2,694		285	285		136	136		68	68	
Sp Ed - Elementary	196	196										
Sp Ed - Middle School	161	160	1	1	1							
Sp Ed - High School	218	218		8	8		1	1				
Subtotals	575	574	1	9	9		1	1				
Totals	3,269	3,268	1.0	294	294		137	137		68	68	
Percentage Error			0.03%									

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	<u>Transportation</u>						Reported	Recalculated
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors		
Reg. - Public Schools	4,897	4,897		261	261		4.05	4.05
Special Ed. - Public Schools	93	93		5	5		4.05	4.05
Transported Non-Public	407	407		22	22			
Special Needs- Public Schools	450	450		24	24		8.9	8.9
Totals	5,846.5	5,847		312	312			
Percentage Error								

Reg. Avg. Mileage - Regular Including Grade PK Students (Part A)
Reg. Avg. Mileage - Regular Excluding Grade PK Students (Part B)
Spec. Avg. - Special Ed. With Special Needs

SCHEDULE OF AUDITED ENROLLMENTS

**EDISON TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014**

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. As Bilingual Education</u>	<u>Reported on Workpapers As Bilingual Education</u>	<u>Sample Errors</u>	<u>Sample Selected from Work papers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Pre K						
Kindergarten	60	60		28	28	
One	22	22		13	13	
Two	26	26		11	11	
Three	10	10		5	5	
Four	12	12		9	9	
Five	10	10		4	4	
Six	8	8		4	4	
Seven	6	6		3	3	
Eight	6	6		2	2	
Nine	14	14		4	4	
Ten	4	4		3	3	
Eleven	6	6		3	3	
Twelve	4	4		3	3	
Subtotals	<u>188</u>	<u>188</u>		<u>92</u>	<u>92</u>	
Sp Ed - Elementary						
Sp Ed - Middle School						
Sp Ed - High School	<u>1</u>	<u>1</u>				
Subtotals	<u>1</u>	<u>1</u>				
Totals	<u>189</u>	<u>189</u>		<u>92</u>	<u>92</u>	
Percentage Error						

**Edison School District
Middlesex County, New Jersey**

Year Ended
06.30.15

EXCESS SURPLUS CALCULATION

SECTION 1 - REGULAR DISTRICT

A. 2% Calculation of Excess Surplus

2014-2015 Total General Fund Expenditures per the CAFR		\$	<u>235,336,821.42</u>		(B)
Increased by:					
Transfer to Food Service Fund		\$	_____		(B1a)
Transfer from Capital Outlay to Capital Projects Fund		\$	_____		(B1b)
Transfer from Capital Reserve to Capital Projects Fund		\$	_____		(B1c)
Decreased by:					
On-Behalf TPAF Pension/Medical & Social Security		\$	<u>22,606,846.45</u>		(B2a)
Assets Acquired Under Capital Leases		\$	<u>1,137,504.58</u>		(B2b)
Adjustments for Disallowed Expenditures per S1701		\$	_____		(B2c)
Adjusted 2014-2015 General Fund Expenditures ((B)+(B1s)-(B2s))		\$	<u><u>211,592,470.39</u></u>		(B3)
2% of Adjusted 2014-2015 General Fund Expenditures ((B3) times .02)					
		\$	<u>4,231,849.41</u>		(B4)
Enter Greater of (B4) or \$250,000		\$	<u>4,231,849.41</u>		(B5)
Increased by: Allowable Adjustment*		\$	<u>105,015.00</u>		(K)
Maximum Unreserved/Undesignated Fund Balance ((B5)+(K))		\$	<u><u>4,336,864.41</u></u>		(M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/15 (Per CAFR Budgetary Comparison schedule/statement)		\$	<u>16,916,474.84</u>		(C)
Decreased by:					
Reserve for Encumbrances		\$	_____		(C1)
Legally Restricted -Designated for Subsequent Year's Expenditures		\$	<u>1,281,608.49</u>		(C2)
Excess Surplus - Designated for Subsequent Year's Expenditures **		\$	<u>-</u>		(C3)
Other Reserved Fund Balances****		\$	<u>8,254,265.64</u>		(C4)
Unreserved - Designated for Subsequent Year's Expenditures		\$	<u>718,390.51</u>		(C5)
Total Unreserved/Undesignated Fund Balance ((C)-(C1)-(C2)-(C3)-(C4)-(C5))		\$	<u><u>6,662,210.20</u></u>		(U1)

SECTION 3

Reserved Fund Balance-Excess Surplus ***((U1-(M)) If negative enter -0- \$ 2,325,345.79 (E)
Recapitulation of Excess Surplus as of June 30, 2015

Reserved Excess Surplus-Designated for Subsequent Year's Expenditures**	\$ _____ (C3)
Reserved Excess Surplus*** (E)	\$ <u>2,325,345.79</u> (E)
Total ((C3) +(E))	\$ <u><u>2,325,345.79</u></u> (D)

Footnotes:

* This adjustment line(as detailed below) is to be utilized for Impact Aid, (when applicable) Sale and Leaseback (Refer to audit Program Section 10), Extraordinary Aid, and Additional Nonpublic School Transportation Aid, if applicable (Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid.)

Detail of Allowable Adjustments

Impact Aid	\$ _____ (H)
Sale & Lease-back	\$ _____ (I)
Extraordinary Aid	\$ _____ - (J1)
Additional Nonpublic School Transportation Aid	\$ <u>105,015.00</u> (J2)
Unbudgeted TPAF Wage Freeze Grant Funding	\$ _____ (J3)
 Total Adjustments ((H)+(I)+(J1)+(J2)+(J3))	 \$ <u>105,015.00</u> (K)

** This amount represents the June 30, 2015 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amount must agree to the June 30, 2015 CAFR and the sum of the two lines must agree to Audit Summary Worksheet Line 90030.

**** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by any other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

Detail of Other Reserved Fund Balance

Statutory restrictions:

Approved unspent seperate proposal	\$ _____
Capital Outlay for a district with a capital outlay SGLA	\$ _____
Sale/lease-back reserve	\$ _____
Capital Reserve	\$ <u>7,001,009.43</u>
Maintenance Reserve	\$ <u>253,256.21</u>
Emergency Reserve	\$ <u>1,000,000.00</u>
Tuition Reserve	\$ _____
Other state/government mandated reserve	\$ _____
 (Other Reserved Fund Balance not noted above)****	 \$ _____
 Total Other Reserved Fund Balance	 \$ <u>8,254,265.64</u> (C4)